

EXHIBIT B

Julie Costello

May 3, 2011

1

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA

- - -
NORMA FIORENTINO, : CIVIL ACTION
et al., :
Plaintiffs :
: :
V. :
: :
CABOT OIL & GAS :
CORPORATION, et al. : NO.
Defendants : 309-CV-02284-JEJ

- - -
May 3, 2011
- - -

Videotaped deposition of JULIE COSTELLO, held at the Hampton Inn, Schechter Road, Wilkes-Barre, Pennsylvania, commencing at 9:26 a.m. on the above date, before Teresa M. Beaver, a Federally-Approved Registered Professional Reporter and a Notary Public in the Commonwealth of Pennsylvania.

- - -
ESQUIRE DEPOSITION SERVICES
Four Penn Center
1600 JFK Boulevard
12th Floor
Philadelphia, Pennsylvania 19103
(215) 988-9191

Julie Costello

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1 A P P E A R A N C E S :

2
3 NAPOLI BERN RIPKA, LLP
4 BY: W. STEVEN BERMAN, ESQUIRE
5 One Greentree Center
6 Marlton, New Jersey 08053
7 (888) 529-4669
8 Counsel for the Plaintiffs

9
10 FULBRIGHT & JAWORSKI LLP
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12 and
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16 Suite 100
17 Canonsburg, Pennsylvania 15317
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20 jeremy.mercer@klgates.com
21 Counsel for the Defendants

22 - - -

23 A L S O P R E S E N T :

24 DONNA BELK, VIDEOGRAPHER

- - -

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1 two.

2 That whole mountain area
3 back there is blue stone. There's a
4 quarry on the other side of our property
5 and everything of value that Cabot took
6 from a person's property, whether it be
7 timber or crop damage, Cabot has always
8 reimbursed the landowners for.

9 We attempted to get paid and
10 we never received any payment. They
11 never asked our permission to take that
12 stone and they used it for their own use.

13 That's actually a crime,
14 taking something of value and not
15 reimbursing a person for.

16 Anyway, there were several
17 attempts made on contacting different
18 people and we never got reimbursed for
19 that stone.

20 And finally, we gave up and
21 joined the -- we had another attorney
22 write a letter and then we joined the
23 lawsuit.

24 Q. Okay. At the time -- and

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1 this is all -- the blue stone issue, all
2 involves the Costello-two well pad as
3 opposed to the Costello-one; correct?

4 A. That's correct.

5 Q. At the time the Costello-two
6 well pad was being constructed, there was
7 no quarry operating on your property;
8 correct?

9 A. There was not an established
10 quarry.

11 Q. Had you or your husband
12 informed Cabot prior to the development
13 of the Costello-two well pad that there
14 was blue stone on your property?

15 A. The appearance of where the
16 well site was going to be was down at the
17 bottom of a hill where it did not look as
18 if they would be chipping away at the
19 blue stone.

20 So, they were not contacted
21 at that time.

22 Q. At any point in time prior
23 to the construction of the Costello-two
24 well pad, did you or your husband mention

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1 in any way to Cabot that there was blue
2 stone on your property that you were
3 concerned about?

4 A. No.

5 Q. You mentioned something
6 about Costello-two well pad being further
7 down the hill. What do you mean by that?

8 A. Prior to the establishment
9 of the pads, they would put a stake in
10 where they had planned to put the well
11 site.

12 And it was -- it appeared to
13 be at the bottom of our hill.

14 So, we -- we thought that
15 that's where the well site would be.

16 Q. Did anyone tell you that
17 that stake was actually where the well
18 pad was going to be constructed?

19 A. That's -- not me personally.

20 Q. Did your husband tell you
21 that anyone told him that that stake was
22 the location of the well pad?

23 A. I believe so.

24 Q. Do you recall who it was

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1 that your husband said told him that?

2 A. No.

3 Q. I'm sorry.

4 A. No.

5 Q. Prior to the construction of
6 the Costello-two well pad, did you
7 receive any notice from Cabot regarding
8 the development of the Costello-two well
9 site?

10 A. Could you rephrase your
11 question?

12 Q. Sure. Before Cabot started
13 developing the Costello-two well pad and
14 drilling the Costello-two well, did you
15 receive notice from Cabot that it was
16 going to be constructing that pad and
17 drilling that well?

18 A. Yes.

19 Q. Did you receive that, along
20 with a platt, showing the proposed
21 location?

22 A. Yes.

23 Q. Do you still have that platt
24 and that notice from Cabot?

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1 Q. Do you know where that platt
2 map and notice are currently?

3 A. I am unsure.

4 Q. Would you be able to, if
5 during a break, Mr. Berman and I discuss
6 it, and he provides the direction, would
7 you be able to look for that information
8 when you return home and if you do find
9 it, pass it to Mr. Berman for production
10 to us in this case?

11 MR. BERMAN: And by
12 counsel's reference to Mr. Berman,
13 he includes anyone in our
14 attorney's office.

15 THE WITNESS: I can.

16 BY MR. MERCER:

17 Q. Okay. After you received
18 notice from Cabot regarding the
19 development of the Costello-two well pad
20 and drilling of the Costello-two well,
21 did you log any formal objection through
22 that objection process?

23 A. Rephrase the question.

24 Q. Sure. When you got the

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1 notice from Cabot that came to you with
2 the platt map saying here's the
3 Costello-two well pad and the
4 Costello-two well; along with those is a
5 notice of your right to object to the
6 DEP.

7 Do you recall that being
8 included in the packet?

9 A. I do not.

10 Q. Okay. When you received the
11 platt map, showing where the well pad was
12 going to go and where the well was going
13 to be drilled, did you object at all to
14 anyone?

15 A. No.

16 Q. Had you and your husband
17 explored the possibility of establishing
18 a quarry on your property at any time
19 prior to Cabot developing the
20 Costello-two well pad?

21 MR. BERMAN: Object to the
22 form. You may answer.

23 THE WITNESS: We talked of
24 it.

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1 Q. Let me back up then because
2 the question is at any time prior to
3 Cabot developing the Costello-two well
4 pad, so, before you were involved in this
5 lawsuit, did you or your husband have any
6 discussions about actually establishing a
7 quarry on your property?

8 A. Me and my husband.

9 Q. Did you have any discussions
10 with your husband or with anyone else?

11 A. Yes.

12 Q. Who did you have discussions
13 with about establishing a quarry?

14 A. My husband and -- I don't
15 remember his name. Oh, I do now. Carl
16 Johnson.

17 Q. Who is Carl Johnson?

18 A. He is the man that has
19 Harold's Quarry.

20 Q. By Harold, you mean Harold
21 Lewis?

22 A. Yes.

23 Q. What were your
24 discussions -- discussion or

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1 discussions -- with Carl Johnson?

2 A. Well, he initiated the
3 discussion.

4 He is backed up to our
5 property line on Harold's Quarry and he
6 wants to come over to our side of the
7 property.

8 Q. What response did you or
9 your husband provide to Mr. Johnson in
10 response to his initiation of that
11 conversation?

12 A. That we did not want a
13 quarry.

14 Q. Okay. Did you or your
15 husband have any other discussions about
16 establishing a quarry at any other time
17 prior to the development of the
18 Costello-two well pad?

19 A. He and I had a discussion,
20 as I told -- previously told you.

21 Q. Okay. Any other discussions
22 besides that -- the discussion you had
23 with your husband and the discussion you
24 and your husband had with Mr. Johnson?

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1 A. We discussed that we did not
2 want a quarry on our property at this
3 time.

4 Q. Okay. Any other
5 discussions?

6 A. Not that I recall.

7 Q. Were you living in the house
8 on -- between the Costello-one well pad
9 and the Costello-two well pad at the time
10 the Costello-two well pad was being
11 constructed?

12 A. Yes.

13 Q. You were aware that Cabot
14 was actually developing the well pad for
15 Costello-two?

16 A. Yes.

17 Q. Did you ever go up, when
18 they were developing the Costello-two
19 well pad, and say to anyone anything
20 about the blue stone?

21 A. I've had numerous
22 conversations with landmen, Mr. Tonkins
23 and Jeff Keim.

24 Q. Were those discussions while

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1 Q. What information do you
2 remember providing to Mr. Tonkins while
3 the well pad was being developed,
4 regarding the blue stone issue?

5 A. Well, I gave him the same
6 information that I gave the other
7 landmen.

8 Q. The other landman being Dan?

9 A. Dan and Phil. And there
10 might have been -- like as I mentioned,
11 there might have been others.

12 Whoever came up to the house
13 and we had the opportunity to tell, we
14 did tell.

15 Q. Did anyone ever tell you,
16 yes, you will be reimbursed for the blue
17 stone?

18 A. No.

19 Q. Now, I believe you
20 indicated, at a certain point in your
21 testimony up till now, that Cabot had
22 always reimbursed people for damage done
23 during the development of well pads.

24 And I believe you referenced

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1 Q. What was it that you
2 received payment for from Cabot?

3 A. Trees.

4 Q. Do you know why Cabot
5 reimbursed you for the trees?

6 A. No.

7 Q. Do you know if there's any
8 requirement in your lease for Cabot to
9 reimburse for trees or timber?

10 A. I believe that there is a
11 paragraph that refers to that.

12 Q. Do you know if there's any
13 requirement in your lease for Cabot to
14 reimburse for blue stone?

15 A. No.

16 Q. No, you do not know, or no,
17 there is not?

18 A. There is not.

19 MR. BERMAN: Note my belated
20 objection to the question. That
21 seeks a legal conclusion.

22 BY MR. MERCER:

23 Q. Did you ever have anyone
24 provide any type of estimate of the value

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1 reimbursed -- that was verified by his
2 verbal comment that they would not drill
3 and that, you know, there were 640 acres.

4 Q. The lease actually says that
5 the units would not exceed 640 acres;
6 correct?

7 MR. BERMAN: Object to the
8 form.

9 THE WITNESS: May I see the
10 lease?

11 BY MR. MERCER:

12 Q. Do you recall the language?

13 A. No.

14 - - -

15 (Deposition Exhibit No.
16 Julie Costello-3, Oil and Gas
17 Lease, was marked for
18 identification.)

19 - - -
20 BY MR. MERCER:

21 Q. Mr. Costello, the court
22 reporter has handed you a document that
23 we've marked as Julie Costello Exhibit 3.

24 First of all, I'd like to

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1 ask you, does this appear to be a
2 photocopy of the oil and gas lease that
3 you and your husband signed with Cabot?

4 MR. BERMAN: Take your time
5 to look through it.

6 THE WITNESS: Yes.

7 BY MR. MERCER:

8 Q. If you look at the page that
9 has the page number in the middle of the
10 bottom as three, but the Bates number is
11 22084, it's two pages back from that.
12 Does that appear to be a photo copy of
13 your signature above the line where it's
14 typed Julie Costello?

15 A. Yes.

16 Q. Does that appear to be a
17 photocopy of your husband's signature,
18 the next line up?

19 A. Yes.

20 Q. And then the next page of
21 the document that has the caption
22 addendum at the top, does that also
23 appear to be a photocopy of your
24 signature on the line that says Julie

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1 Costello?

2 A. Yes.

3 Q. And does that appear to be a
4 photocopy of your husband's signature on
5 the next line up?

6 A. Yes.

7 Q. Now, you were talking about
8 acreage for pooled units.

9 I direct your attention to
10 Paragraph 5 of the lease. And the fifth
11 line down towards the end of that line,
12 the sentence starts out "No unit may
13 exceed 640 acres in size unless
14 prescribed or permitted by applicable law
15 or administrative order, rule or
16 regulation." Correct?

17 MR. BERMAN: Are you asking
18 if that was a correct reading of
19 what it says or --

20 MR. MERCER: Yes.

21 THE WITNESS: Yes.

22 BY MR. MERCER:

23 Q. Is there anywhere in the
24 lease that says that the units would be

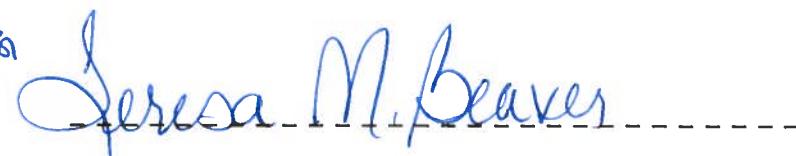
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1 C E R T I F I C A T E
2

3 I hereby certify that the
4 proceedings and evidence noted are
5 contained fully and accurately in the
6 notes taken by me on the deposition of
7 the above matter, and that this is a
8 correct transcript of the same.

12 18 
13 -----
14

15 Teresa M. Beaver, RPR
16
17

18 (The foregoing certification of
19 this transcript does not apply to any
20 reproduction of the same by any means,
21 unless under the direct control and/or
22 supervision of the certifying shorthand
23 reporter.)
24

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1 DEPOSITION ERRATA SHEET
2

3 Our Assignment No.: 218233

4 Case Caption: FIORENTINO V. CABOT

5
6 DECLARATION UNDER PENALTY OF PERJURY

7 I declare under penalty of
8 perjury that I have read the entire
9 transcript of my Deposition taken in the
10 captioned matter or the same has been
11 read to me, and the same is true and
12 accurate, save and except for changes
13 and/or corrections, if any, as indicated
14 by me on the DEPOSITION ERRATA SHEET
15 hereof, with the understanding that I
16 offer these changes as if still under
17 oath.

18

19 Signed on the _____ day of
20 _____, 20___.
21

22

JULIE COSTELLO

23

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1 DEPOSITION ERRATA SHEET
2

3 Page No. ____ Line No. ____ Change to: _____
4

5 Reason for change: _____
6

7 Page No. ____ Line No. ____ Change to: _____
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9 Reason for change: _____
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11 Page No. ____ Line No. ____ Change to: _____
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13 Reason for change: _____
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15 Page No. ____ Line No. ____ Change to: _____
16

17 Reason for change: _____
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19 Page No. ____ Line No. ____ Change to: _____
20

21 Reason for change: _____
22

23 SIGNATURE: _____ DATE: _____
24 JULIE COSTELLO

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1 DEPOSITION ERRATA SHEET
2

3 Page No. ____ Line No. ____ Change to: _____
4

5 Reason for change: _____
6

7 Page No. ____ Line No. ____ Change to: _____
8

9 Reason for change: _____
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11 Page No. ____ Line No. ____ Change to: _____
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13 Reason for change: _____
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15 Page No. ____ Line No. ____ Change to: _____
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17 Reason for change: _____
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19 Page No. ____ Line No. ____ Change to: _____
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21 Reason for change: _____
22

23 SIGNATURE: _____ DATE: _____
24 JULIE COSTELLO

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LAWYER'S NOTES

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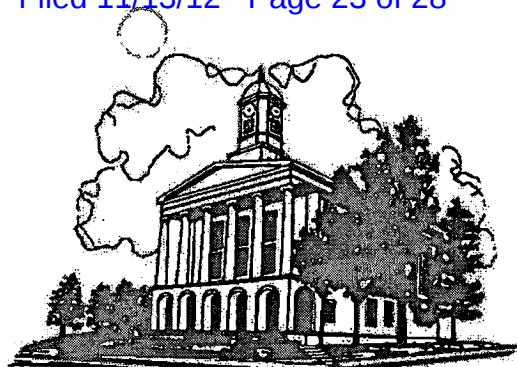
23

24

MARY F. EVANS

Register of Wills - Recorder of Deeds
 Clerk of Orphans' Court Division
 Court of Common Pleas of Susquehanna County
PO BOX 218
MONTROSE, PA 18801-0218

(570) 278-4600



SUSQUEHANNA COUNTY COURT HOUSE
 MONTROSE, PENNSYLVANIA

Instrument Number - 200611302

Recorded On 10/30/2006 At 10:34:06 AM

* Total Pages - 2

* Instrument Type - MEMORANDUM OF LEASE

Invoice Number - 32885

* Grantor - COSTELLO, JAMES B

* Grantee - CABOT OIL & GAS CORPORATION

* Customer - CABOT OIL & GAS CORP

*** FEES**

STATE WRIT TAX	\$0.50
RECORDING FEES -	\$13.00
RECORDER OF DEEDS	
COUNTY IMPROVEMENT FEE	\$2.00
RECORDER IMPROVEMENT FEE	\$3.00
TOTAL PAID	\$18.50

This is a certification page

DO NOT DETACHThis page is now part
of this legal document.**RETURN DOCUMENT TO:**

CABOT OIL & GAS CORP
 900 LEE STREET EAST
 SUITE 1500 HUNTINGTON SQUARE
 CHARLESTON, WV 25301
 ATTN: CATHY EWALD

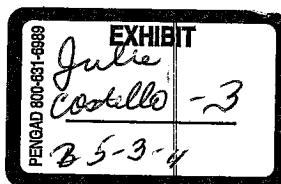
I hereby CERTIFY that this document is recorded in the
 Recorder's Office of Susquehanna County, Pennsylvania.



Mary F. Evans
 MARY F. EVANS
 RECORDER OF DEEDS

* - Information denoted by an asterisk may change during
 the verification process and may not be reflected on this page.

000K0X



CABOT_OIL_0022080

MEMORANDUM OF OIL AND GAS LEASE

State (situs of land): Pennsylvania
 County (situs of land): Susquehanna
 Township: Dimock

Lessor: James B. Costello and Julie Hill, now known as Julie Costello, his wife

Lessor's Address: RR 6 Box 6176C, Dimock, PA 18801

Lessee: Cabot Oil & Gas Corporation, with offices at 900 Lee St., Suite 1500, Charleston, WV 25301

Date Executed: 10-9-06

Effective Date of Lease: 10-9-06

Primary Term of Lease: 5 Years

Option to Extend Primary Term of Lease: 5 Years

As of the Effective Date stated above, Lessor, named above, executed and delivered to Lessee, named above, an Oil and Gas Lease (the "Lease") in which Lessor granted, leased, and let to Lessee lands ("the lands") containing 69.38 acres, more or less located in the above named Township, County and State, bounded substantially by lands now or formerly owned as follows:

On the North by: Mark & Petrina Gregory, Emerson & Nancy Sands, William & Sheila Ely

On the East by: Raymond Kemble & Lorna Schopperth, Richard & Wendy Seymour

On the South by: Harold & Jennefer Lewis

On the West by: Stanley & Valeri Stankavage

Including but not limited to Tax Map or Assessment Number (now or formerly) 200-1-36 (35.0 ac.), 200-1-37 (34.38 ac.)

The Lease grants Lessee the exclusive right to explore for, drill for, produce and market oil, gas and other hydrocarbons from the lands during the term of the Lease (see paragraph 18). This Memorandum is executed and placed of record in the County in which the lands are located for the purpose of placing all persons on notice of the existence of the Lease.

LESSOR:

James B. Costello
 James B. Costello

Julie Costello
 Julie Costello

ACKNOWLEDGMENT

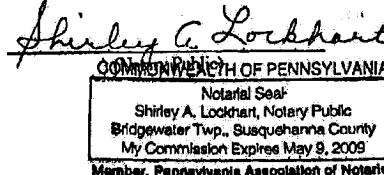
State of Pennsylvania

County of Susquehanna

On this the 9th day of October, 2006, before me a Notary Public, the undersigned officer, personally appeared James B. Costello and Julie Costello, known to me to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged that they executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

SEAL.
 My commission expires: MAY 9, 2009



Oil and Gas Lease

COGC-06-PAPD

THIS AGREEMENT, shall be made this 9th day of October, 2006, between James B. Costello and Julie Hill, now known as Julie Costello, his wife

RR 6 Box 6176C, Dimock, PA 18801

hereinafter called Lessor, (whether one or more) and CABOT OIL & GAS CORPORATION • 900 Lee Street East, Suite 500 Huntington Square, Charleston, West Virginia 25301, hereinafter called Lessee.

WITNESSETH:

1. Lessor in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, and of the royalties herein provided and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of exploring by geophysical and other methods, drilling, and operating for and producing oil, gas (the term "gas" as used herein includes but is not limited to, helium, carbon dioxide, and all other commercial gas, as well as all hydrocarbon gases such as natural gas, methane gas, casinghead gas, hydrogen sulfide gas, coalbed methane gas, gob gas, and all natural gas originating, produced, or emitted from coal formations or seams, and any related, associated, or adjacent rock material), liquid hydrocarbons, all gases, and the respective constituents thereof, injecting gas, waters, other fluids and air into subsurface strata, injecting, storing, and withdrawing stored gas regardless of source, laying pipelines, storing oil, building roads, tanks, power stations, telephone lines and other structures and things thereon as necessary, useful, or convenient to produce, save, take care of, treat, process, store and transport said oil, liquid hydrocarbons, all gases and other products manufactured therefrom, the following described land in Dimock Township, County of Susquehanna, Commonwealth of Pennsylvania, and bounded substantially by lands now and/or formerly owned as follows:

On the North by: Mark & Petrina Gregory, Emerson & Nancy Sands, William & Sheila Ely

On the East by: Raymond Kemble & Lorna Schopperth, Richard & Wendy Seymour

On the South by: Harold & Jennefer Lewis

On the West by: Stanley & Valeri Stankavage

including but not limited to Tax Map or Assessment Number (now or formerly) 200-1-36 (35.0 ac.), 200-1-37 (34.38 ac.)

hereinafter called "premises" and for reference purposes only being the same land conveyed in whole or in part to Lessor by deed dated 7-22-05/6-4-03, and recorded in said county records in Book No. 200506918/583 Page 204 it being the purpose and intent of Lessor to lease, and Lessor does hereby lease all strips or parcels of land owned by Lessor, which adjoins the lands above, described. For all purposes of this lease, the premises shall be deemed to contain 69.38 acres, whether more or less.

2. This lease shall remain in force for a term of five (5) years from this date (called "primary term") and as long thereafter as oil or gas is produced, or considered produced under the terms of this lease, in paying quantities from the premises or from lands pooled therewith, or the premises are used for gas storage purposes as provided in paragraph 6 hereof, or this lease is maintained in force under any subsequent provisions hereof.

3. Lessee shall deliver to the credit of Lessor, free of cost, into Lessor's tanks on the premises or in the pipeline thereon which Lessor may designate, the equal one-eighth (1/8th) part of all oil or liquid hydrocarbons produced and saved from the premises, and shall pay the Lessor on gas, including casinghead gas and other gaseous substances, produced and sold from the premises one-eighth (1/8th) of the amount realized from the sale of gas at the well (meaning the amount realized less all costs of gathering, transportation, compression, fuel, line loss and other post-production expenses incurred downstream of the wellhead). Payment for royalties in accordance herewith shall constitute full compensation for the gas and all of its components. No royalty shall be due on stored gas produced from the premises or on gas produced from a storage formation or formations hereunder.

4. If at any time either during or after the primary term hereof there is a well capable of producing gas (with or without condensate) in paying quantities (other than stored gas) located upon the premises or on lands pooled therewith but such well is shut-in (whether before or after production) and this lease is not maintained in force by operations or production at any well, by gas storage, or by other activity or event, nevertheless it shall be considered that gas is being produced in paying quantities within the meaning of this lease. On or before the end of the initial year during which this lease is maintained in force for the entire annual period under this paragraph 4, Lessee shall pay or tender to Lessor hereunder, or to those entitled to the royalties provided in this lease (as shown by Lessee's records) at the addresses shown by Lessee's records, a shut-in royalty equal to \$1.00 per acre for the acreage held under this lease (as shown by Lessee's records) at the time such payment or tender is made. Each subsequent payment or tender shall be made thereafter in like manner and amount on or before the end of each annual period while the lease was maintained in force for the entire annual period under the first sentence of this paragraph 4. Lessee's failure to timely or correctly pay or tender the shut-in royalty for any year shall not operate to terminate this lease or serve as a basis for its cancellation, but Lessee shall correct any erroneous payment or tender, when notified thereof, and if late then Lessee shall make the correcting payment or tender with interest at the rate of eight (8%) percent per annum to those to whom such shut-in royalty was not timely or correctly paid or tendered. As long as any well is shut-in, it shall be considered for the purposes of maintaining this lease in force that gas is being produced in paying quantities and this lease shall continue in effect both before and after the primary term.

5. Lessee is granted the right and option at any time or times while this lease is in force to pool or combine as it sees fit all or any part or parts of the premises, or formation, depth or depths thereunder, with any other land, lease, leases, parts thereof, or formation, depth, or depths thereunder, in the vicinity of the premises covered hereby, into one or more units for the production of oil and/or gas through vertical, horizontal, or slant hole well completions, primary or secondary recovery methods, (including by water flooding, gas injections, or injections of other substances) or combinations of any recovery techniques. No unit may exceed 640 acres in size unless prescribed or permitted by applicable law or administrative order, rule or regulation. Each unit formed hereunder may be reduced or enlarged in size at anytime, before or after the completion of any well or the commencement of production, by not more than fifteen (15%) percent, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore or develop and operate the premises, in order to promote the conservation of oil or gas in Lessee's judgment, in order to include an omitted lease or area within a unit, in order to comply with well location or distance rules or regulations, and in order to make adjustments to the acreage (after adequate showings) in tracts included within a unit area, but each such reduction or enlargement shall only be effective prospectively. The effective time of forming, reducing, or enlarging a unit, shall be when Lessee files a written designation of record in the county or counties in which the pooled or combined premises are located. Operations or production on any part of any unit formed, reduced, or enlarged hereunder shall be treated as if the operations were upon or the production was from the premises covered hereby, whether the well or wells are located on the premises or not. The entire acreage pooled into a unit shall be treated for all purposes except for the computation and payment of royalties on production from the unit, as if it were included in this lease. In lieu of the royalties on production elsewhere provided in this lease, Lessor shall receive on production from each pooled or combined unit only such portion of the royalty stipulated in this lease as the amount on an acreage basis, that each owner's interest in the acreage placed in the unit bears to the interests in all the acreage pooled or combined into a unit.

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6. Lessee is hereby granted the right to use any formation(s) underlying the premises for the injection and/or storage therein of any quantity of gas regardless of its source, and for the withdrawal of stored gas therefrom, and shall have all rights, rights of way, and privileges necessary, useful, or convenient for such purposes, including but not limited to the right to drill or convert any well or wells on the premises for use as storage wells. Injection of gas for underground storage, and withdrawal thereof, may be performed by storage well or wells located on other lands or leases in the vicinity of the premises. Lessee's good faith determination of when or whether the premises are being used for gas storage purposes shall be conclusive. Lessee shall give Lessor written notice of the use of the premises for gas storage purposes and shall calculate and pay Lessor for Lessor's royalty ownership in all economically recoverable gas reserves in the formation(s) to be utilized for storage purposes, using methods of calculating such reserves as are generally accepted in the natural gas industry. Lessor shall be entitled to the same royalty on such recoverable reserves as though the gas were produced and sold or used off the premises. In addition, Lessee shall pay Lessor a storage rental at the rate of Two Dollars (\$2.00) per acre per year, payable annually while the premises are used for storage purposes beginning ninety (90) days after written notice of such use is given Lessor in accordance with the foregoing provisions.

7. If Lessor owns a lesser interest in the oil and gas in and under the premises than the entire undivided interest therein, then the royalties, rentals and other payments herein provided shall be paid the Lessor only in the proportion which his interest bears to the whole and undivided interest therein.

8. No well may be drilled nearer than 200 feet to any dwelling house now on said premises without the written consent of Lessor. Lessee shall have the right to use free of cost, gas, oil and water produced from the premises for its operations thereon, except water from wells of Lessor. Lessee shall also have the right at any time to remove all or any part of the machinery, fixtures, or structures placed on said premises, including the right to draw and remove casing. Lessee shall pay for damages caused by its operations to growing crops, trees, and fences located on the premises. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized therewith, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations and other facilities to discover, produce, store, treat and/or transport production.

9. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors, and assigns, but no change of division in ownership of the premises, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No such change or division in the ownership of the premises, rentals, or royalties shall be binding upon Lessee for any purpose until thirty (30) days after the person acquiring any interest has furnished Lessee with the instrument or instruments, or certified copies thereof, constituting his chain of title from the original Lessor. In case of assignment of this lease as to any part or parts (whether divided or undivided) of the premises, all rental payable hereunder shall be apportionable as between the several leasehold owners ratably according to the surface area (using the acreage content set forth in good faith in such assignment) or undivided interest of each and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. No owner of an interest in this lease in whole or in part shall be liable for the failure of any prior, subsequent or concurrent owner to perform the terms, conditions, and obligations of this lease, express or implied.

10. Lessee, its successors or assigns, shall have the right to surrender this lease or any part thereof for cancellation after which all payments and liabilities hereunder shall cease and determine as to the part surrendered and if the whole is surrendered then this lease shall become absolutely null and void.

11. Lessor hereby warrants and agrees to defend the title to the premises against all persons whomsoever and agrees that the Lessee at its option may pay, discharge, or redeem any taxes, mortgages, or other liens existing, levied or assessed on or against the premises, and in the event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying any royalty or rentals accruing hereunder to the discharge of any such taxes, mortgages, or other liens. In case of any controversy or dispute regarding title to the premises or any part thereof, or regarding the ownership of any sums payable hereunder, Lessee shall have the right to withhold and retain without accrual of interest all sums payable hereunder which are subject to such controversy or dispute until the final determination of said controversy or dispute and then to distribute the same among those lawfully entitled thereto.

12. If during the last ninety (90) days of the primary term hereof or at any time after the expiration of the primary term, production of oil and gas in paying quantities from the premises, or lands pooled therewith, should cease for any reason, or if during or after such ninety (90) day period and prior to discovery of oil or gas on the premises or lands pooled therewith, Lessee should complete a dry hole thereon, this lease shall not terminate if Lessee commences or resumes additional operations on the premises or lands pooled therewith, within ninety (90) days after production ceased or the well was completed as a dry hole, whichever is applicable. If, at the expiration of the primary term, oil or gas is not being produced in paying quantities from the premises, or lands pooled therewith, but Lessee is then engaged in operations thereon, this lease shall remain in force so long as operations are prosecuted (whether on the same or different wells) with no cessation of more than ninety (90) consecutive days, and if they result in production, so long thereafter as oil or gas is produced in paying quantities from the premises or lands pooled therewith. The term "operations" as used in this Lease shall include but not be limited to the drilling, testing, completing, (including by horizontal and slant hole well completion techniques) reworking, recompleting, deepening, plugging back, or repairing of a well (and all work preparatory, incident or related to any such operation) in search for or in an endeavor to obtain, restore, maintain, or to increase production of oil, liquid hydrocarbons, or gas, or any of them.

13. Lessor (whether one or more) hereby further grants, leases, lets, and demises exclusively to Lessee the lands then covered by the lease under the provisions of this first right and option to extend the primary term of the lease for an additional five (5) years from the expiration of the original primary term by paying or tendering the sum of twenty-five dollars per acre (for the acreage estimated to be comprised by the lease) to the parties entitled to payments for leasing rights according to Lessee's records. This payment shall be based upon the number of acres then covered by this lease, and all the provisions of this lease relating to payments shall apply equally to this payment including, but not limited to, the provisions regarding changes in ownership, reduction for lessor interest, reduction for partial release, naming a depositary bank, and for joint deposit to all owners. If, at the time this payment is made, various parties are entitled to specific payments according to Lessee's records, this payment may be divided between said parties and paid or tendered in the same proportion. Should this option be exercised as herein provided, it shall be considered for all purposes as though this paid up lease originally provided for a primary term of ten (10) years. Lessee shall execute and file for record within four (4) weeks following the exercise of this option has been exercised and showing the expiration date of the primary term as extended.

14. All express or implied covenants of this lease shall be subject to all Federal and state laws, executive orders, rules and regulations and this lease shall not be terminated in whole or in part, nor Lessee held liable for damages, for failure to comply herewith if compliance is prevented by, or if such failure is a result of, any such law, order, rule or regulation, or if prevented by an act of God, the public enemy, labor disputes, inability to obtain materials, failure of transportation or other cause beyond the control of the Lessee.

15. This lease embodies the entire agreement between the parties and no representation or promise on behalf of either party shall be binding unless contained herein or mutually agreed to in writing by all parties hereto. This agreement shall be binding upon each Lessor who shall execute the same and upon Lessee from and after the date of delivery to Lessee or its representative by the executing Lessor.

16. All monies coming due hereunder shall be paid or tendered to Lessor at the address set forth above and no default shall be declared against the Lessee by the Lessor for failure of the Lessee to make any payments that may become due and payable hereunder unless the Lessee shall refuse or neglect to pay the same for sixty (60) days after having received written notice by registered mail from the Lessor of his intention to declare such default.

17. If during any time while this lease is in force and effect Lessor receives a bona fide offer from any party (other than Lessee) to purchase a new lease or an option to purchase a new lease covering all or any part of the lands or substances covered hereby, and if Lessor is willing to accept such offer, ("third party offer," hereunder) then Lessor shall promptly notify Lessee in writing of the name and address of the offeror, and all of the terms and conditions of such third party offer, including any lease or option bonus offered. Lessee shall have a period of thirty (30) days after receipt of all such notice data in which to exercise the herein granted preferential right to purchase a new lease or option for a new lease from Lessor on a form comparable to the third party offer, or absent a specific form with the third party offer then on this lease form adjusted by Lessee to include the terms and conditions in the third party offer, by giving Lessor written notice of the exercise of such preferential right. Promptly thereafter, Lessee shall furnish to Lessor the new lease for execution, along with a time draft for any lease bonus included as a part of the third party offer, conditioned upon execution and delivery of the lease by Lessor and approval of title by Lessee, all in accordance with the terms of the draft. Whether or not Lessee exercises the preferential right granted hereunder, during the time this lease remains in effect, by new lease executed by Lessor pursuant to any third party offer shall be subordinate to this lease and shall not be construed as replacing or adding to Lessee's obligations hereunder. The preferential right to purchase a new lease granted to Lessee by this paragraph 17, shall terminate unless exercised prior to one week before the expiration of the period allowed for the absolute suspension of the power of alienation by the rule against perpetuities.

18. Lessee will not drill, lay pipeline or conduct operations of any kind upon the surface of the leased premises without the express written consent of the Lessor.

See Addendum attached hereto and made a part hereof

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

Lessor

James B. Costello (Seal)
James B. Costello

Julie Costello (Seal)
Julie Costello

(Seal)

(Seal)

ACKNOWLEDGMENT

State of Pennsylvania

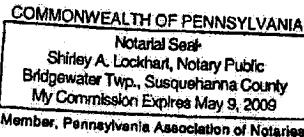
County of Susquehanna

On this the 9th day of October, 2006, before me a Notary Public, the undersigned officer, personally appeared James B. Costello and Julie Costello, now known as, known to me to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged that they executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

SEAL
My commission expires: May 9, 2009

Shirley A. Lockhart
(Notary Public)



ADDENDUM

Attached to and made a part of that certain Oil and Gas Lease dated the 9th day of October 2006 by and between James B. Costello and Julie Costello, Lessor, and Cabot Oil & Gas Corporation, Lessee, covering land situated in Dimock Township County of Susquehanna, Commonwealth of Pennsylvania, to wit:

Anything contained in said Oil and Gas Lease to the contrary notwithstanding it is agreed that:

The location of any well, pipeline, access road or related facility constructed by the Lessee upon the leased premises shall be chosen by mutual consent between the Lessor and Lessee.

Signed here for purposes of identification.

James B. Costello
James B. Costello

Julie Costello
Julie Costello